

# Paid Lunch Equity and Nonprogram Food Revenue

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# Paid Lunch Equity (PLE)

- Interim Rule: NSLP School Food Service Account Revenue
- Intent: To ensure that sufficient funds are provided to the food service account for paid lunches

# Overview

- School food authorities (SFAs) compare the average price for paid lunches to the difference between the per meal Federal reimbursement for free and paid lunches
- For SY 2011-2012, if SFA's average price for paid lunches is \$2.46 or more, it is in compliance
- Other SFAs must determine whether they must take action

# Increasing Revenue for Paid Lunch

- If an SFA's average price for lunches is less than the difference between free & paid reimbursements, it must increase the revenue by 2% plus inflation by either
  - Increasing the average price charged for paid meals
  - OR
  - Adding non-Federal funds to the food service account

# Increasing Paid Meal Prices

- In any year, any new *average* price increase may be—
  - Rounded down to the nearest 5 cents
  - Limited to a maximum required increase of 10 cents
- In SY 2011-2012, most SFAs will need to increase their average paid prices by five cents or less

# Increasing Paid Meal Prices

- SFAs have the flexibility to determine how they wish to distribute the average price increase among their schools to reach the new average lunch price
- SFAs may increase their average paid meal prices more than the required amount
- A “credit” for future required increases will be given to SFAs for any amount increase over the required amount

# Non-Federal Funding Source

- Financial support from non-Federal sources must be cash for direct support for paid lunches, including but not limited to:
  - per-lunch reimbursements specifically for paid lunches (or the proportion attributable for paid lunches) provided by States, counties, school districts and others
  - funds provided by organizations for paid lunches
  - any portion of State revenue matching funds that exceeds the minimum requirement established in 7 CFR 210.17 and is provided for paid lunches

# Non-Federal Funding Sources

- Some examples of **unallowable** non-Federal support are:
  - in-kind contributions and a la carte sales
  - any payments, including additional per-meal reimbursements, provided for support of the School Breakfast Program or other Child Nutrition Program
  - any payments, including additional per-meal reimbursements, provided specifically to support free and reduced price meals; and
  - any in-kind contributions converted to direct cash expenditures after July 1, 2011



# Non-Federal Funding Sources

- Exceptions for School Year 2011-2012 only:
  - SFAs may include any non-Federal cash contribution, except for in-kind contributions and revenues from foods and beverages sold in competition with reimbursable meals
  - The limitations for non-Federal contributions do not apply

# Non-Federal Funding Source

- Exceptions for School Year 2011-2012 only:
  - SFAs which raised their prices and met the non-Federal revenue requirement in SY 2011-12, may “roll over” the non-Federal revenue exception into SY 2012-13

# Paid Lunch Equity Average Price Calculation Example

- For SY 2011-2012, SFAs that choose to increase paid lunch prices must increase their average paid lunch price by 2% plus 1.14% (or 3.14%)
- SFAs must use their paid lunch prices from the previous (2010) October to calculate their new average paid lunch price

# Paid Lunch Equity Average Price Calculation Example

Number of Paid Lunches claimed at each price for October	Price Charged for Paid Lunches	Revenue Generated by Paid Lunch Price (Column A x Column B)	Determine Average Price
1,000	\$1.25	\$1,250	
2,000	\$1.50	\$3,000	
1,500	\$2.00	\$3,000	
3,000	\$2.25	\$6,750	
Total Lunches: 7,500		Total Revenue: \$14,000	$14,000 / 7,500 = \$1.87$

# Paid Lunch Equity Tool

- A PLE tool will be available on the FNS website. The tool will help SFAs calculate:
  - Average price across the SFA
  - New required average price across SFA
  - Distribution of price increases across SFA
  - Non-Federal source contribution amount

# Paid Lunch Equity Tool

Enter current prices and number of lunches sold at each price using October 2010 data.

Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Current Weighted Average Price
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
<b>TOTAL</b>			

<b>New Average Price Requirement</b> (not rounded down to nearest 5 cents)	<b>New Average Price Requirement</b> (rounded down 5 cents)

# Paid Lunch Equity Tool

Book1 - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

Clipboard Font Paragraph Alignment Number Styles

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**Paid Lunch Equity Tool for SY 2011-12 ONLY**

**Current Weighted Average Price Calculator**

Enter current prices and number of lunches sold at each price using October 2010 data.

Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Current Weighted Average Price
1.	\$ 1.50		
2.	\$ 1.75		
3.	\$ 2.25		
4.	\$ 2.50		
5.			
6.			
7.			
8.			
9.			
10.			
<b>TOTAL</b>			

<b>New Average Price Requirement</b> (not rounded down to nearest 5 cents)	<b>New Average Price Requirement</b> (rounded down 5 cents)
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# Paid Lunch Equity Tool

Book1 - Microsoft Excel

Enter current prices and number of lunches sold at each price using October 2010 data.

Paid Lunch Equity Tool for SY 2011-12 ONLY			
Current Weighted Average Price Calculator			
Enter current prices and number of lunches sold at each price using October 2010 data.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Current Weighted Average Price
2,000	\$ 1.50	\$ 3,000.00	
1,500	\$ 1.75	\$ 2,625.00	
1,000	\$ 2.25	\$ 2,250.00	
2,500	\$ 2.50	\$ 6,250.00	
<b>TOTAL</b>	<b>7,000</b>	<b>\$14,125</b>	<b>\$ 2.02</b>

<b>New Average Price Requirement</b> (not rounded down to nearest 5 cents)	<b>New Average Price Requirement</b> (rounded down 5 cents)
\$ 2.08	\$2.05



# Paid Lunch Equity Tool

The screenshot shows a Microsoft Excel spreadsheet titled "Tool\_slides - Microsoft Excel". The spreadsheet is set up as a "Pricing Estimation Calculator".

The table structure is as follows:

	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Avg Price
1.			\$ -	
2.			\$ -	
3.			\$ -	
4.			\$ -	
5.			\$ -	
6.			\$ -	
7.			\$ -	
8.			\$ -	
9.			\$ -	
10.			\$ -	
<b>TOTAL</b>	-		\$ -	\$ -

The spreadsheet also includes a text box stating: "Below is a tool allowing users to manipulate prices to achieve the required new weighted average price."

# Paid Lunch Equity Tool

Tool\_slides - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

Clipboard Font Alignment Number Styles Cells Editing

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Pricing Estimation Calculator				
Below is a tool allowing users to manipulate prices to achieve the required new weighted average price.				
	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Avg Price
1.	2,000	\$ 1.60	\$ 3,200.00	
2.	1,500	\$ 1.75	\$ 2,625.00	
3.	1,000	\$ 2.25	\$ 2,250.00	
4.	2,500	\$ 2.50	\$ 6,250.00	
5.			\$ -	
6.			\$ -	
7.			\$ -	
8.			\$ -	
9.			\$ -	
10.			\$ -	
TOTAL	7,000		\$ 14,325.00	\$ 2.05

# Paid Lunch Equity Tool

Tool\_slides - Microsoft Excel

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D11

Pricing Estimation Calculator				
Below is a tool allowing users to manipulate prices to achieve the required new weighted average price.				
	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Avg Price
1.	2,000	\$ 1.55	\$ 3,100.00	
2.	1,500	\$ 1.80	\$ 2,700.00	
3.	1,000	\$ 2.30	\$ 2,300.00	
4.	2,500	\$ 2.50	\$ 6,250.00	
5.			\$ -	
6.			\$ -	
7.			\$ -	
8.			\$ -	
9.			\$ -	
10.			\$ -	
TOTAL	7,000		\$ 14,350.00	\$ 2.05

Sheet1 Sheet2 Sheet3

# Paid Lunch Equity Tool

Tool\_slides - Microsoft Excel

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B4 Enter the total paid lunch count (includes all prices) for SY 2010 - 2011.

	A	B	C	D	E	F
1						
2						
3		<b>Non-Federal Source Contribution Calculator</b>				
4		Enter the total paid lunch count (includes all prices) for SY 2010 - 2011.				
5		<b>Annual # of Paid Lunches</b>	<b>New Weighted Average Price minus Current Weighted Average Price</b>	<b>Annual Non-Federal Source Contribution</b>		
6			\$ -	\$ -		
7						
8						
9						
10						
11						
12						

# Paid Lunch Equity Tool

Tool\_slides - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

Clipboard Font Alignment Number Conditional Formatting Styles Cells Editing

B4 Enter the total paid lunch count (includes all prices) for SY 2010 - 2011.

	A	B	C	D	E	F
1						
2						
3		<b>Non-Federal Source Contribution Calculator</b>				
4		Enter the total paid lunch count (includes all prices) for SY 2010 - 2011.				
5		<b>Annual # of Paid Lunches</b>	<b>New Weighted Average Price minus Current Weighted Average Price</b>	<b>Annual Non-Federal Source Contribution</b>		
6		50,000	\$ 0.03	\$1,500		
7						
8						
9						
10						
11						
12						

# Revenue From Nonprogram Food

- Intent: To ensure that revenues from the sale of nonprogram foods generate at least the same proportion as they contribute to SFA food costs

# Revenue From Nonprogram Food

- A nonprogram food is a food sold in a participating school other than a reimbursable meal and is purchased using funds from the school food service account

# Revenue From Nonprogram Food

- To implement this requirement SFAs will need to:
  - Identify the proportion of total food costs attributable to nonprogram food in order to establish its revenue target
  - Price nonprogram food items to ensure that revenues will meet the requirement
  - Track nonprogram food revenues separately from all other revenue items



# Revenue From Nonprogram Food

- Example
- SFA has the following characteristics:
  - Total Costs: \$1,000,000
  - Total Food Costs: \$500,000
    - Nonprogram Food Costs: \$50,000
    - Reimbursable meals Food Costs: \$450,000
  - Total Revenue: \$1,000,000

# Revenue From Nonprogram Food

- Revenue Requirement:
  - Minimum Proportion of Revenue Required from Nonprogram Food Sales:  $\$50,000 / \$500,000 = 10\%$
  - Minimum Dollar Revenue Required from Nonprogram Food Sales:  $10\% \times 1,000,000 = \$100,000$
- If this SFA earns \$100,000 in revenue from nonprogram food sales, they are in compliance

# Monitoring Compliance

- For SY 2011-2012, State agencies need to work with SFAs to provide guidance and technical assistance on how to meet the requirements
- Assure that all SFAs make a good faith effort to comply
- FNS will be updating CRE and ME guidance to incorporate review of these requirements

# Reporting Paid Lunch Prices

- SFAs must report the most frequently charged paid meal price for—
  - Elementary
  - Middle
  - High
- State agencies submit SFA data to FNS at end of November
- FNS is required to publish results
- Further guidance on reporting is under development

# SFA Paid Lunch Price Report

FNS-828.pdf - Adobe Reader

File Edit View Window Help

Tools Comment Share

Please fill out the following form. You can save data typed into this form.

Highlight Existing Fields

OMB APPROVED NO. 0584-0000  
Expiration Date: XX/XX/XXXX

UNITED STATES DEPARTMENT OF AGRICULTURE - Food and Nutrition Service

**SCHOOL FOOD AUTHORITY PAID LUNCH PRICE REPORT**

This form is for reporting SFA paid reimbursable lunch price data by each group of students.

**STATE AGENCY NAME:**  Enter the State Agency total number of SFAs:

Enter the school year (20XX-20XX):

**Instructions:** Please enter the most frequently charged price for each group of students. Students should be grouped into the **Elementary**, **Middle/Junior High**, and **High** school categories as used within each SFA.

\*For SFAs with no students in one of the above groups, please enter "N/A".

\*\*For SFAs that do not charge a paid price for student lunches please enter "\$0.00".

\*\*\*State agencies must consolidate paid lunch prices reported by SFAs for the current school year and submit the FNS-828 to FNS by the last operating day of November each year.

Public reporting burden for this collection of information is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: U.S. Department of Agriculture, Food and Nutrition Services, Office of Research and Analysis, 3101 Park Center Drive, Room 1014, Alexandria, VA 22302 ATTN: PRA (0584-xxxx\*). Do not return the completed form to this address.

Column 1	Column 2	Column 3	Column 4
SFA Name	Elementary	Middle/Junior High	High
Enter the name of the SFA	Enter the most frequently charged paid price for elementary school students (\$X.XX).	Enter the most frequently charged paid lunch price for middle/jr high school students (\$X.XX).	Enter the most frequently charged paid lunch price for high school students (\$X.XX).

# SFA Paid Lunch Price Report

- An Excel version of the report will be made available in the future for State agencies to collect and transmit the data for all of their SFAs to us directly

# References

- Interim Rule:  
[http://www.fns.usda.gov/cnd/Governance/Legislation/SFArevenue\\_interimrule.pdf](http://www.fns.usda.gov/cnd/Governance/Legislation/SFArevenue_interimrule.pdf)
- Paid Lunch Equity Q&A:  
[http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP39-2011\\_os.pdf](http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP39-2011_os.pdf)
- Paid Lunch Equity Tool:  
[http://www.fns.usda.gov/cnd/Governance/Legislation/CNR\\_2010.htm](http://www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm)



QUESTIONS?